

THE AGRICULTURAL SITUATION IN RELATION TO BANKING

A Report on Agricultural Conditions as of September 1, 1940, prepared by the
Bureau of Agricultural Economics, United States Department of Agriculture,
presented by

Norman J. Wall,
Head, Division of Agricultural Finance

Meeting of the
Agricultural Commission, American Bankers Association
September 23, 1940, Atlantic City, New Jersey

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington, D. C.

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September 14, 1940

Mr. J. H. McBirney,
Chairman, Agricultural Commission,
Chalfonte-Haddon Hall,
Atlantic City, N. J.

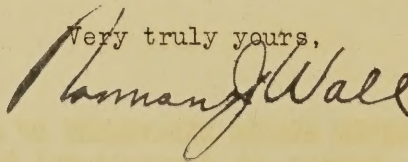
Dear Mr. McBirney:

In response to your request of August 14, we have prepared the following report for presentation to the members of your Commission.

This is the second report prepared in an experimental venture in making available periodic information on agricultural conditions for the use of bankers throughout the country. The first report was presented at your meeting at Hot Springs, Virginia, on April 22.

In the present report, we have followed the suggestions of your committee members that the summaries of agricultural conditions be made brief. We shall appreciate any further suggestions that will help to make these reports of assistance to bankers in serving the interests of American agriculture.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Norman J. Wall". The signature is fluid and cursive, with the first name "Norman" and last name "Wall" clearly distinguishable.

Norman J. Wall,
Head, Division of Agricultural Finance.

THE AGRICULTURAL SITUATION IN RELATION TO BANKING

Demand deposits of member banks of the Federal Reserve System in places of less than 15,000 population rose further from 125.9 percent of the 1929-31 level on June 30, 1939 to 137.4 percent on June 29, 1940. This rise accompanied an increase in farm prices and farm incomes. Prices received by farmers rose from 89 percent to 95 percent of the 1910-14 level; and farm incomes showed an appreciable increase during the first half of 1940 as compared with the first half of 1939. Increased industrial activity, based in part on foreign purchases of war materials, created an enlarged national income in which farmers participated. As a result both rural retail sales and country bank deposits increased substantially. Country bank deposits are now at the highest level of record.

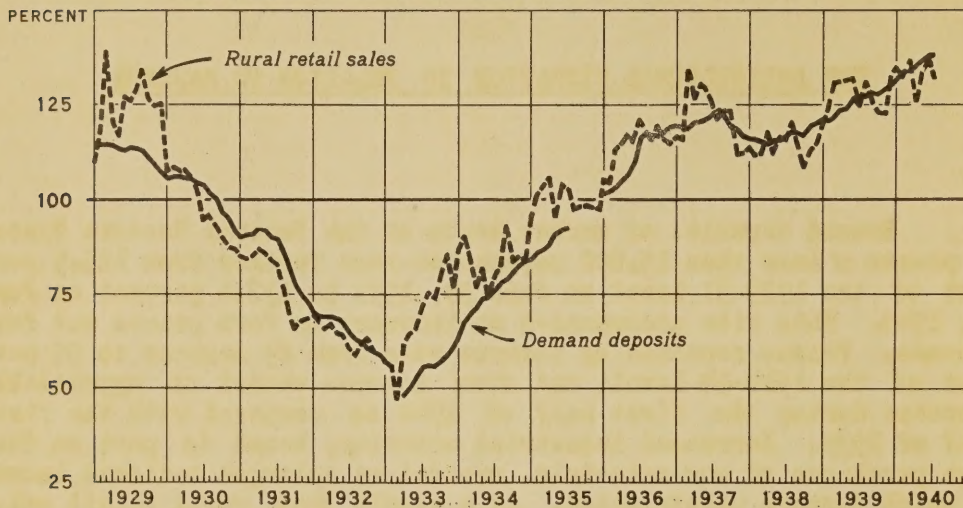
The agricultural loans of insured commercial banks rose slightly from \$1,724,094,000 on June 30, 1939 to \$1,727,187,000 on June 29, 1940. There was an increase of \$12,713,000 in loans secured by farm real estate and a decrease of \$9,620,000 in personal and collateral loans to farmers. The decrease from \$1,193,466,000 to \$1,183,846,000 in personal and collateral loans resulted from a decline of \$165,000,000 in the volume of commodity loans held by banks and other lenders under purchase agreements with the Commodity Credit Corporation. It appears that other types of personal and collateral loans to farmers held by commercial banks must have increased substantially, probably as much as \$150,000,000.

Federal and federally sponsored credit agencies making short-term loans to farmers decreased their holdings during the year from \$1,028,302,000 to \$899,042,000. There was an increase of nearly \$10,000,000 in loans of bankable quality, due to a further growth of the production credit associations, and a decrease of about \$139,000,000 in loans of nonbankable quality, due mainly to a decrease of \$179,900,000 in the commodity loans to producers held by the Commodity Credit Corporation. Most of the short-term loans to farmers held by Federal and federally sponsored agencies since 1934 have been loans not of bankable quality.

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DEMAND DEPOSITS AND RURAL RETAIL SALES, 1929-40

INDEX NUMBERS (1929-31=100) ADJUSTED FOR SEASONAL VARIATION



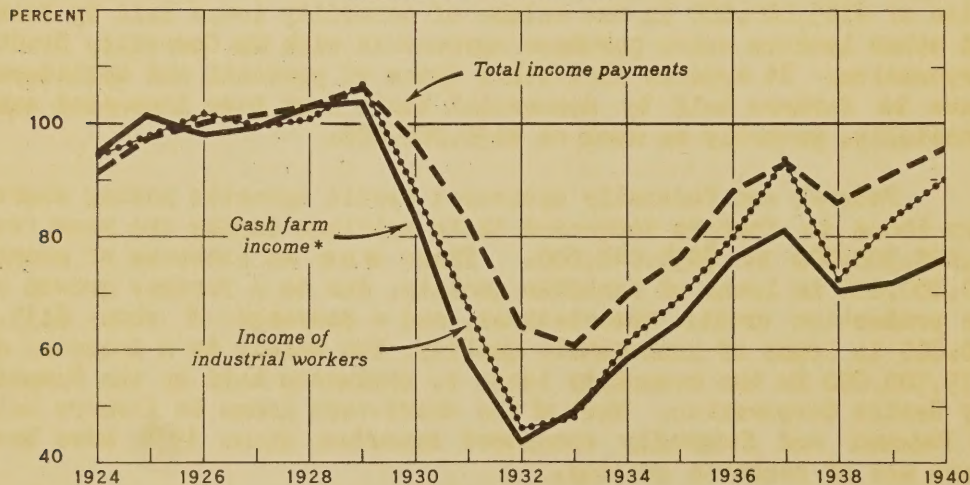
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FIGURE 1.—RURAL RETAIL SALES AND THE DEMAND DEPOSITS OF COUNTRY BANKS INCREASED DURING 1939-40. THESE INCREASES ACCOMPANIED A RISE IN FARM INCOMES AND IN THE PRICES RECEIVED BY FARMERS.

CASH FARM INCOME, INCOME OF INDUSTRIAL WORKERS, AND INCOME PAYMENTS, UNITED STATES, 1924-40

INDEX NUMBERS (1924-29=100)



* EXCLUDING GOVERNMENT PAYMENTS

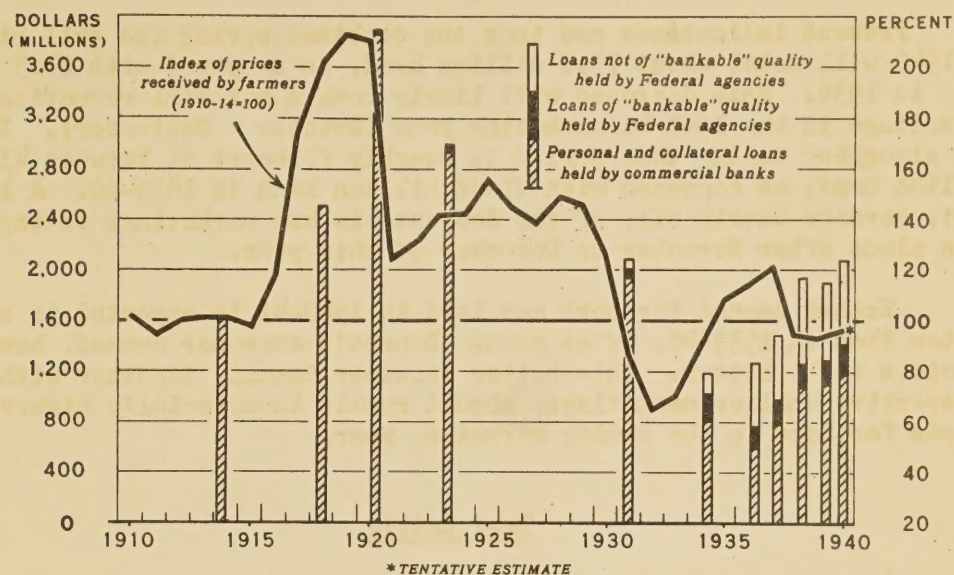
DATA FOR 1940 ARE TENTATIVE ESTIMATES

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FIGURE 2.—CHANGES IN THE PURCHASING POWER OF CONSUMERS GREATLY INFLUENCE PRICES OF FARM PRODUCTS. SINCE CHANGES IN FARM PRICES ARE LARGELY RESPONSIBLE FOR CHANGES IN FARM INCOME, THERE IS A CLOSE RELATION BETWEEN FLUCTUATIONS IN THE INCOME OF CONSUMERS AND IN FARM INCOME.

SHORT-TERM LOANS TO FARMERS HELD BY COMMERCIAL BANKS AND FEDERAL AGENCIES, COMPARED WITH INDEX OF PRICES RECEIVED BY FARMERS



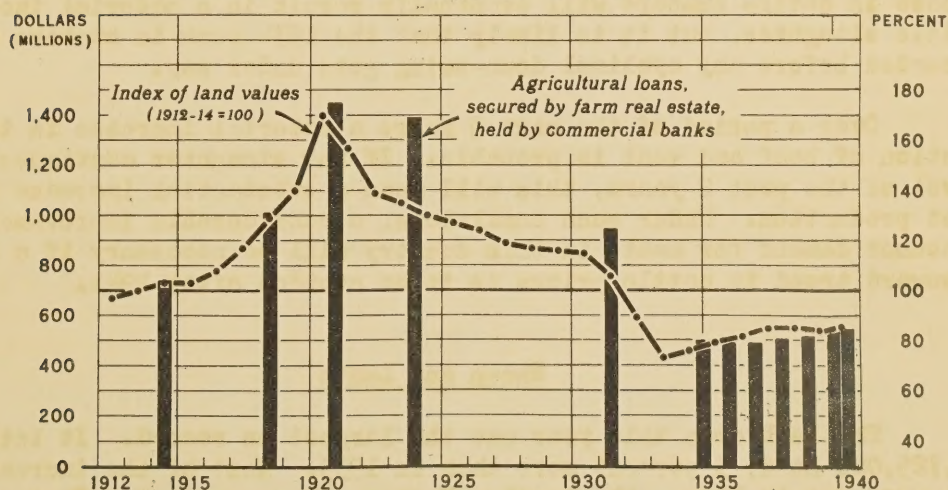
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FIGURE 3.—THE VOLUME OF SHORT-TERM LOANS TO FARMERS HELD BY INSURED COMMERCIAL BANKS AND FEDERAL AGENCIES ROSE SEASONALLY FROM THE END OF 1939 TO THE MIDDLE OF 1940, BUT WAS ABOUT 6 PERCENT LOWER AT THE LATTER DATE THAN A YEAR EARLIER DESPITE AN INCREASE IN THE PRICES RECEIVED BY FARMERS. THE DECREASE OF SHORT-TERM LOANS TO FARMERS DURING 1939-40 RESULTED FROM A SUBSTANTIAL DECLINE IN THE VOLUME OF COMMODITY LOANS HELD OR GUARANTEED BY THE COMMODITY CREDIT CORPORATION.

AGRICULTURAL LOANS SECURED BY FARM REAL ESTATE AND INDEX OF LAND VALUES



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FIGURE 4.—THE VOLUME OF LOANS ON FARM REAL ESTATE HELD BY INSURED COMMERCIAL BANKS INCREASED SLIGHTLY DURING 1939-40. THIS INCREASE ACCOMPANIED A SMALL RISE IN FARM REAL ESTATE VALUES.

AGRICULTURAL OUTLOOK, BY COMMODITIES

Hogs

Present indications are that the combined spring and fall pig crops in 1940 will total about 75.8 million head, as compared with 84.3 million head in 1939. This decrease will likely mean a material reduction in hog marketings in the 1940-41 marketing year (October - September). Inspected hog slaughter during this period is roughly forecast at between 43 and 44 million head, as compared with 47-48 million head in 1939-40. A large part, herhaps nearly all, of the decrease in hog marketings is expected to take place after November or December of this year.

Export demand for pork and lard in 1940-41 is expected to be no better than in 1939-40, if as good. Domestic consumer demand, however, promises to be better. This better consumer demand, together with the prospective smaller marketings, should result in materially higher average prices for hogs in the coming marketing year.

Beef Cattle

According to present indications, there will be about 2 million more cattle and calves on farms and ranches on January 1, 1941 than there were a year earlier. This means that the calf crop plus imports will exceed slaughter and death losses of cattle and calves during 1940 by a substantial margin, even though total slaughter of cattle and calves this year probably will be slightly larger than it was last year.

Barring the recurrence of severe droughts, cattle numbers probably will increase further during the next 2 or 3 years. This continued increase in cattle numbers will eventually result in a material increase in cattle slaughter, but it is likely that the 1934 peak in numbers will be exceeded before any cyclical down-swing gets under way.

Over a period of the next 5 years a material increase in the production of beef and veal is probable. If hog slaughter continues near the level of the past 2 years, this will mean a substantial increase in total meat production. Under such conditions, a considerable improvement in consumer demand for meats in this country will be necessary if a sharp downward trend in cattle prices is to be avoided after 1941.

Sheep and Lambs

The lamb crop this year was the largest on record. It totaled 32,729,000 head, 3 percent more than in 1939. Most of the increase in the crop was in Texas, the leading Western sheep-producing State. The total crop in the other Western sheep States was a little smaller this year than last; in the native sheep States the crop was slightly larger.

The larger lamb crop and relatively slow market movement of native lambs prior to July indicate that slaughter supplies of sheep and lambs during the remainder of 1940 will be larger this year than they were a year earlier. Because of better consumer demand, however, prices of slaughter lambs are expected to average at least as high as a year earlier, and possibly higher.

Although changes in feed supplies are not always a good indication of changes in the number of lambs fed, the present feed situation points to a decrease from the high level of last winter. In addition, returns from feeding operations last season were for the most part unfavorable for lamb feeders, and this probably will tend to hold down the number fed this fall and winter.

Corn

The 1940 corn supply is indicated (as of September 1) to be around 2,900 million bushels, or more than 250 million bushels below last year's supply. Excluding the quantity of corn which is expected to remain under seal or be held by the Government on October 1, the supply will probably be below 2,500 million bushels, compared with 2,938 million bushels last year.

The Secretary of Agriculture announced on September 12 that no marketing quota would be effective on 1940 corn. September 1 conditions indicated that the 1940-41 supply should be somewhat below the level at which a marketing quota would be effective. The quota level was determined to be 2,930 million bushels.

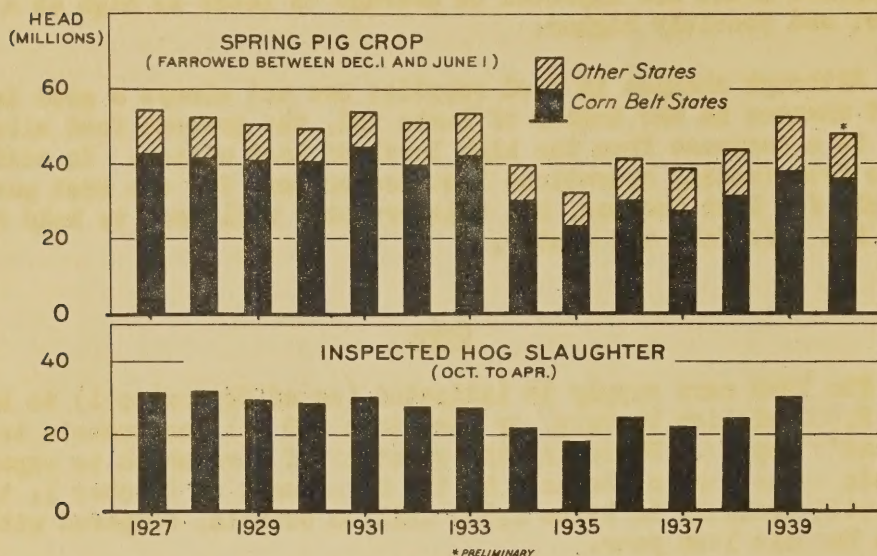
Present indications are that the loan rate on corn (as determined according to the provisions of the Agricultural Adjustment Act of 1938) will be 75 percent of the parity price of corn on November 15. On the basis of the August 15 parity price, the loan rate would be 61 cents per bushel.

The quality of the 1940 corn crop is indicated to be somewhat lower than during the past 2 years, and the danger of having soft corn is greater. As a result of the larger supplies of low quality corn in prospect, the price spreads between the different grades of corn after the harvesting of the 1940 crop may be somewhat greater than during the past 2 years.

Wheat

Present indications are that the acreage seeded to wheat for harvest in 1941 will be about the same as was seeded for harvest this year. The acreage allotted for seeding the 1941 crop under the Agricultural Adjustment Act is 62 million acres, the same as was allotted for this year's crop. Actual seedings for harvest this year totaled 64.4 million acres. If about the same acreage is seeded for harvest in 1941, average yields would give a total production of about 750 million bushels, about

SPRING PIG CROP, AND FEDERALLY INSPECTED HOG SLAUGHTER DURING FOLLOWING OCT.-APR., UNITED STATES, 1927-40



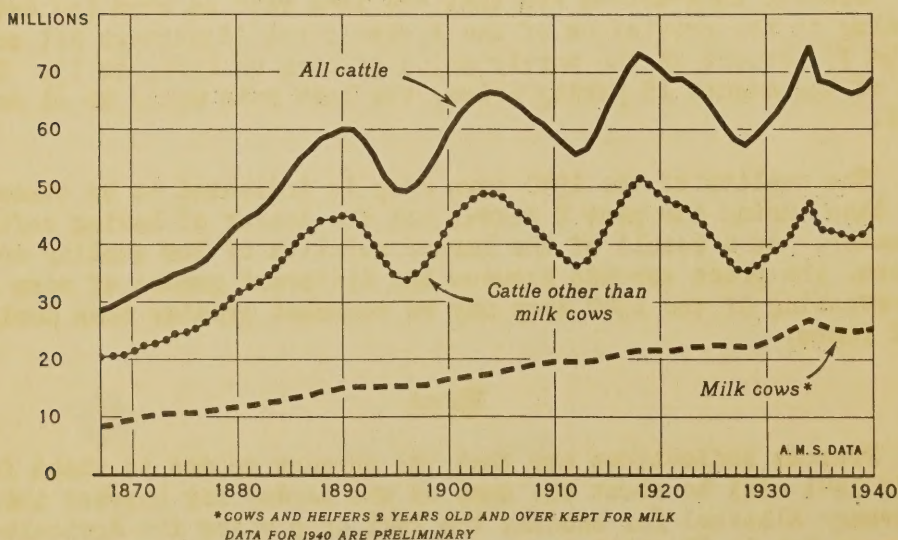
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FIGURE 5.—THE 1940 SPRING PIG CROP WAS ABOUT 8 PERCENT SMALLER THAN THE LARGE SPRING PIG CROP OF 1939. THE DECREASE IN THE SPRING PIG CROP THIS YEAR WILL BE REFLECTED IN A SUBSTANTIAL DECREASE IN SLAUGHTER SUPPLIES OF HOGS IN THE FIRST 7 MONTHS OF THE 1940-41 HOG-MARKETING YEAR, WHICH BEGINS OCTOBER 1.

ALL CATTLE: NUMBER ON FARMS JANUARY 1, UNITED STATES, 1867-1940



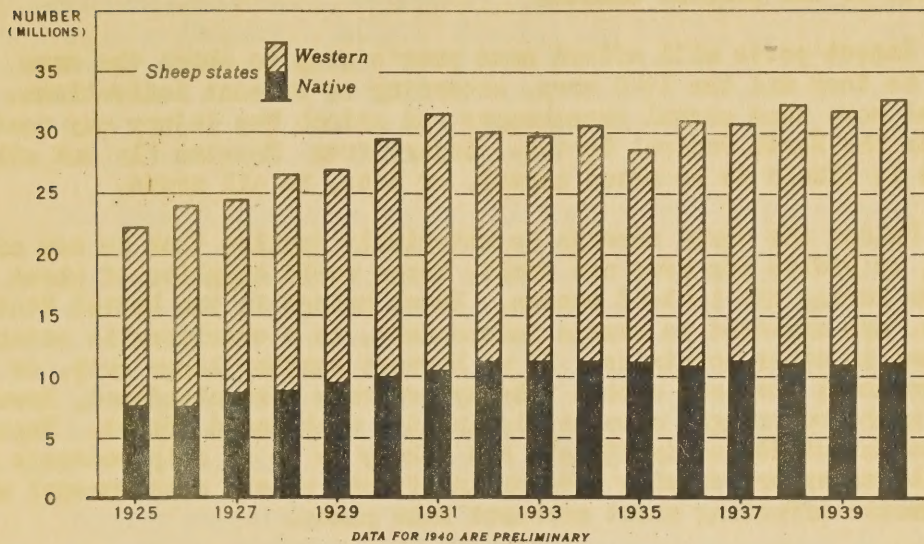
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FIGURE 6.—CATTLE NUMBERS ON FARMS INCREASED MODERATELY DURING THE PAST 2 YEARS, FOLLOWING THE RATHER SHARP REDUCTION WHICH OCCURRED FROM 1934 TO 1938. IF FEED PRODUCTION AND PASTURE AND RANGE CONDITIONS ARE ABOUT NORMAL, CATTLE NUMBERS PROBABLY WILL INCREASE STILL MORE IN THE NEXT FEW YEARS.

UNITED STATES LAMB CROP, 1925-40



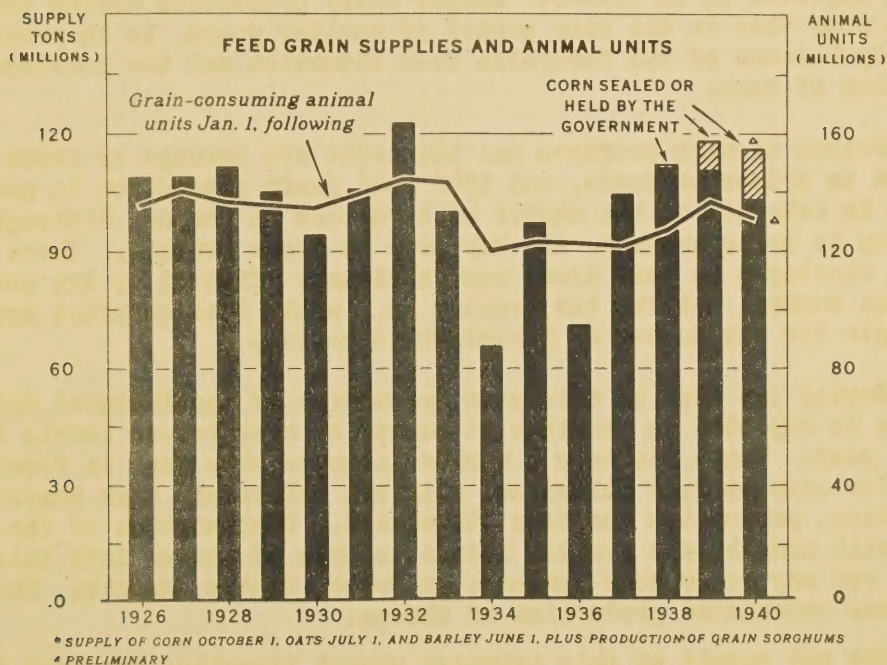
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FIGURE 7.—THE 1940 LAMB CROP WAS THE LARGEST ON RECORD, 3 PERCENT LARGER THAN THE 1939 CROP. MOST OF THE INCREASE OVER LAST YEAR WAS IN TEXAS. THE NUMBER OF LAMBS RAISED IN THE OTHER WESTERN STATES AS A GROUP IS SLIGHTLY SMALLER THAN THE NUMBER LAST YEAR.

FEED GRAIN SUPPLIES* AND LIVESTOCK NUMBERS, 1926-40



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FIGURE 8.— THE PROSPECTIVE SUPPLY OF FEED GRAINS FOR 1940-41 AS INDICATED ON SEPTEMBER 1 WILL BE MORE THAN ADEQUATE FOR THE LIVESTOCK TO BE FED.

50 million more than average domestic disappearance during the last 10 years. On this basis, the carry-over at the close of the 1941-42 marketing season (July - June) may be expected to total about the same as at the close of the present season.

Insect pests will affect next year's crop to about the same extent as they did the 1940 crop, according to present indications. Somewhat more than normal grasshopper and chinch bug injury may again occur in the North Central States. Injury from Hessian fly and other insects is likely to be about normal, or less, in all areas.

Unless the world acreage is materially smaller than is now expected, or yields per acre are small, large world supplies of wheat will continue during the 1941-42 season. Wheat prices in the United States, however, are expected to remain independent, to a considerable extent, of prices in other countries. If we harvest another large crop, or if the Government loan and export subsidy programs were abandoned, however, prices might be brought more nearly in line with world prices. Exports from the United States in 1941-42 are likely to be of only moderate size, even with an export subsidy program in effect, unless some unusual world developments affecting wheat movement take place.

Dairy Products

Domestic consumer demand for dairy products during the rest of this year is expected to be better than a year earlier. Export demand, too, is expected to be better. Larger dairy production during the rest of this year than in the same period of earlier years, is in prospect, primarily because of the favorable feed situation and the increase in the number of cows.

Prices of milk products and butterfat are average or above when compared to prices of feeds, and 1940 feed grain production is nearly average in relation to the number of livestock on farms. Although the corn crop is below average, the hay crop is above average. There may be feed shortages in some areas most seriously affected by dry weather this past summer, but for the country as a whole feed supplies are more than ample for the number of livestock to be fed.

During the rest of this year production of manufactured dairy products is expected to continue at record or near-record levels for the time of year. There has been a marked increase this year in foreign demand for concentrated milks; and with the relatively high domestic consumption, production has been stimulated. Continuation of the war in Europe will undoubtedly greatly reduce imports of cheese into this country and may cause some increase in United States exports. This situation has stimulated production of cheese.

The net result of this improved export situation has been that, despite the high level of milk production this year, butter production per capita has been about the same as the 1924-29 average, but considerably more milk is being diverted to the production of dairy products other than butter. This trend is likely to continue into 1941.

Cotton

A continuation of the European war on its present basis will probably mean extremely small exports of American cotton during the 1940-41 marketing year (August - July). Exports may be the smallest since the period immediately following the Civil War. Domestic cotton mill consumption, however, will probably be exceptionally large; even so, total domestic disappearance, in view of the unfavorable export situation, is likely to be considerably below average.

The export situation is particularly gloomy because even in the markets still accessible to American exporters, takings of the domestically produced staple are likely to be smaller than in 1939-40. This seems to be quite likely in the case of Great Britain, where stocks at the beginning of the present marketing year were probably twice the average for recent years and where plans have been made to take over the entire 1940 Egyptian crop. Furthermore, in Japan and Canada, Brazilian cotton has recently been offered at prices substantially below those of American cotton of more or less similar quality.

Factors expected to contribute to a large domestic consumption of cotton in 1940-41 include: (1) Large Government purchases for defense and relief; (2) an expanded cotton-products Government export-aid program; (3) increased incomes of domestic consumers; and (4) continued activity on the part of the Government and private organizations to stimulate domestic cotton consumption.

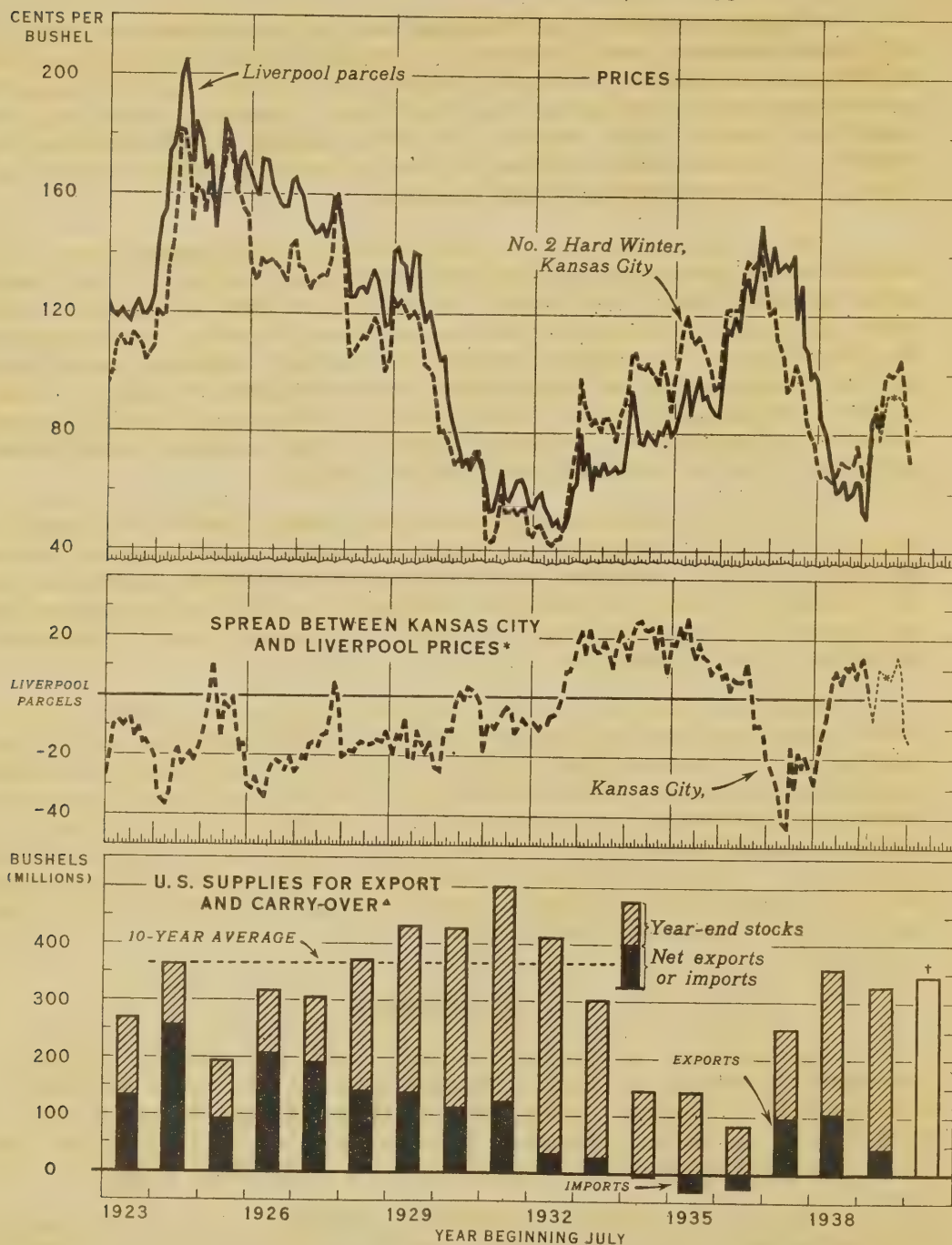
Existing programs to widen domestic outlets for cotton include those for encouraging the use of cotton for bale covering and in the manufacture of fine writing paper, as well as for developing uses in insulating houses and other structures. The Cotton Stamp Plan for increasing purchases of cotton goods by low-income consumers is still viewed as experimental, but a very gradual expansion of this program is anticipated. Some expansion is anticipated also in the cotton mattress program, under which low-income rural families are given cotton with which to make their own mattresses.

Farm Income

A preliminary estimate puts total cash farm income, including Government payments, at \$8,900,000,000 during 1940. This is about \$360,000,000 (5 percent higher than in 1939. Except for 1937, when cash farm income including Government payments totaled \$9,111,000,000, the indicated 1940 total is the highest for any year since 1930.

Most of the indicated increase in income this year has already been achieved. During the first 7 months of 1940 cash income from marketings totaled \$359,000,000 more than in 1939, and Government payments were about the same as in 1939. Because of the marked rise in prices and income last year following the outbreak of the war in Europe, cash farm income during the rest of this year probably will not be greatly different from that received a year earlier. Income from Government payments probably will be slightly smaller.

WHEAT: PRICES AT KANSAS CITY AND LIVERPOOL, AND U.S. SUPPLIES FOR EXPORT AND CARRY-OVER, 1923-40



* LIVERPOOL PRICES SINCE SEPT. 2, 1939, WHEN LIVERPOOL MARKET CLOSED, COMPUTED ON BASIS OF PRICES IN EXPORTING COUNTRIES AND CONVOYED OCEAN FREIGHT RATES

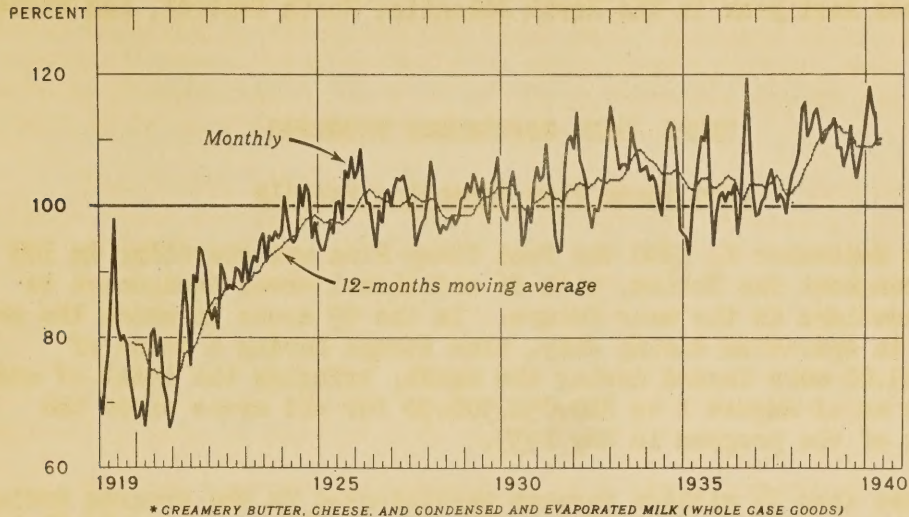
^a CARRY-OVER PLUS PRODUCTION LESS DOMESTIC UTILIZATION

† PRELIMINARY

FIGURE 9.—THE PROSPECTIVE SUPPLY FOR EXPORT AND CARRY-OVER IN THE UNITED STATES IS BELOW THE 1924-33 AVERAGE. WITH THE LIKELIHOOD THAT VERY LARGE QUANTITIES OF WHEAT WILL BE STORED, DOMESTIC WHEAT PRICES MAY BE EXPECTED TO CONTINUE HIGHER RELATIVE TO VALUES AT LIVERPOOL THAN THEY WERE DURING THE 1924-33 PERIOD.

PRODUCTION PER CAPITA OF PRINCIPAL MANUFACTURED DAIRY PRODUCTS, MILK EQUIVALENT BASIS, 1919-40*

INDEX NUMBERS (1924-29=100) ADJUSTED FOR SEASONAL VARIATION



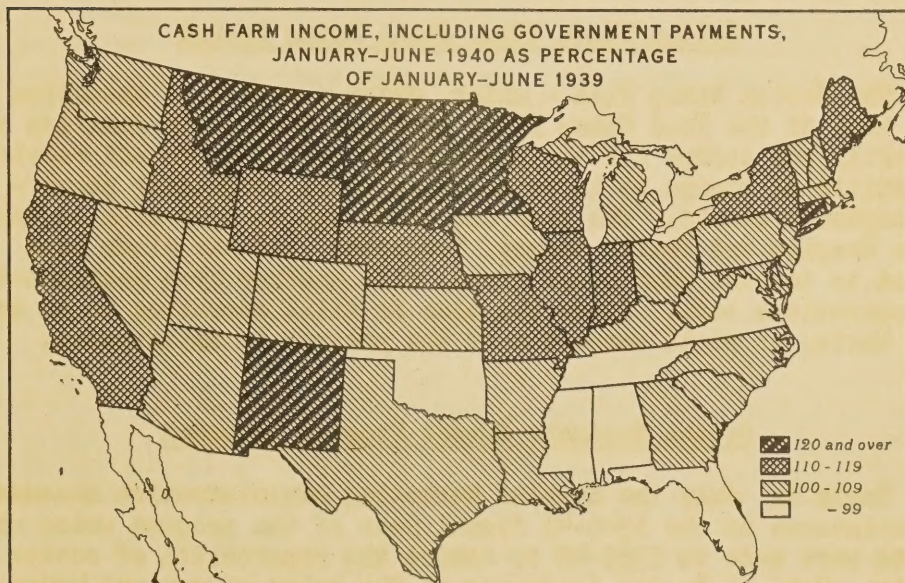
* CREAMERY BUTTER, CHEESE, AND CONDENSED AND EVAPORATED MILK (WHOLE CASE GOODS)

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FIGURE 10.—THE COMBINED PRODUCTION OF CREAMERY BUTTER, CHEESE, AND CONDENSED AND EVAPORATED MILK IS AN ACCURATE MEASURE OF THE QUANTITY OF MILK AND CREAM SOLD BY PRODUCERS IN EXCESS OF THAT USED FOR FLUID CONSUMPTION AND ICE CREAM. PRODUCTION PER CAPITA ROSE RAPIDLY FROM 1920 TO 1926 BUT HAS RISEN LESS RAPIDLY SINCE. IN 1940 PRODUCTION PER CAPITA HAS BEEN HIGH, ABOUT 10 PERCENT ABOVE THE 1924-29 AVERAGE.



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FIGURE 11.—THE COMPARISON BETWEEN FARM INCOME IN THE FIRST HALF OF 1940 AND THE SAME PERIOD IN 1939 REFLECTS THE EFFECT OF THE SEVERE WINTER AND LATE SPRING UPON CROP PRODUCTION IN THE SOUTHERN AND EASTERN STATES AND THE LARGER MARKETINGS OF GRAIN AND LIVESTOCK FROM THE NORTHERN GREAT PLAINS STATES. IN MOST OF THE REMAINING STATES FARM INCOME INCREASED FROM 5 TO 15 PERCENT, LARGELY AS A RESULT OF THE 8 PERCENT INCREASE IN THE LEVEL OF FARM PRICES.

Income from dairy products, meat animals, grains, and fruits and vegetables, will be up this year; income from tobacco and cotton probably will be down slightly. Regionally, income probably will be smaller this year than last in the South Atlantic and South Central States, but higher than last year in the North Atlantic, North Central, and Western States.

ITEMS FROM GOVERNMENT PROGRAMS

Food Stamp Plan Expanding Rapidly

On September 1, 1940 the Food Stamp Plan was operating in 123 areas throughout the Nation, with 26 additional areas designated to begin operations in the near future. In the 99 areas in which the program was in operation during July, blue stamps having a value of \$3,514,659.00 were issued during the month, bringing the total of such issuances as of August 1 to \$20,052,900.50 for all areas since the beginning of the program in May 1939.

More than 1½ million persons participated in the program during July, each receiving during that month an overall average of \$2.24 in blue stamps. Reports received on the use of the blue stamps indicate that during July purchases of butter and eggs took 30 percent of the total, pork and lard 36 percent, cereal products a little less than 19 percent, and fruits and vegetables a little over 15 percent.

Cotton Stamp Plan Still Being Tested

The Cotton Stamp Plan - which, under a method of operation similar to that of the Food Stamp Plan, provides that needy families may voluntarily buy stamps for the purchase of cotton goods and receive free additional stamps to increase their total purchasing power - is being expanded slowly. The plan was first put in operation on May 7, 1940 in Memphis and Shelby County, Tennessee, and has since been expanded to include four other areas, with another area designated to begin operations soon. Since the plan is still operating on an experimental basis, no rapid extension of the program is anticipated.

Cotton Products Export Program Extended

Early in July the Surplus Marketing Administration announced the continuance in the 1940-41 fiscal year of the program under which payments were made in 1939-40 to assist the exportation of cotton products. Late in August increases in the rates of payment under the program were announced. In announcing the increases in the rates of payment on exports of cotton products, Department officials said that while no payments from funds now available will be made on exports of raw cotton, continued efforts will be made to expand further the domestic outlets. In this connection, additional amounts of cotton

will be made available for the cotton mattress program, by which low-income rural families may make their own mattresses. Last year the Department of Agriculture acquired 150,000 bales of cotton and 16 million yards of ticking for mattress making.

Wheat and Wheat Flour Export Program Extended

A continuation into the 1940-41 fiscal year of the wheat and wheat flour export programs was announced early in July. On July 16 the flour export program was extended to include all countries in the American continents. The program previously provided for payments in connection with exports of wheat from the Pacific Northwest to China, Hongkong, Dairen, the Philippine Islands, and Europe; and for exports of wheat flour from the Pacific Northwest to China, Hongkong, Dairen, and the Philippine Islands. Under the extended program, payments can now be made also in connection with exports of flour from any part of the continental United States to the Americas.

Wheat Crop Insurance Beginning Third Year

Crop insurance contracts were issued to 379,453 wheat growers in 33 States during 1940, the second year of operation for the Federal Crop Insurance Corporation. About 64,000 contract holders were paid indemnities amounting to 14,261,994 bushels of wheat or the cash equivalent as of September 5, 1940. Premiums and indemnities are calculated in bushels of wheat. Yield, not price, is insured against loss from all natural hazards - drought, hail, insects, fire, wind, winterkill, plant disease, etc. Insurance contracts covering 1941 crop will exceed those of 1940.

Tobacco Purchase and Loan Program to be Repeated

Because of a decision of the British Government to stay out of the American flue-cured tobacco market, tobacco growers of the flue-cured belt faced a serious situation last year. Tobacco auctions closed and there was danger of a complete collapse of the market for flue-cured tobacco. The Commodity Credit Corporation then made an arrangement with the firms largely buying for Great Britain whereby they acted as agents of the Corporation in purchasing tobacco on the markets with an option to repurchase and export in the event Great Britain again entered the market. Some 177 million pounds of flue-cured and dark fired tobacco were purchased under this program.

The Government is repeating this purchase and loan plan for flue-cured tobacco in 1940. This was made possible when flue-cured tobacco growers adopted marketing quotas for 3 years in a July referendum, thus providing against an unlimited increase in supplies.

1940 Loan Wheat Moving into Storage

The 1940 wheat loan program was announced early in July. The average rate for the grain belt is 71.3 cents per bushel, with an allowance of 7 cents a bushel for farm-stored wheat. As of September 11, wheat in the amount of 135 million bushels, valued at \$97,189,000, had been placed under the loan. Of this amount 9,692,000 bushels were in farm storage and 125,920,000 bushels in warehouse storage. The Commodity Credit Corporation as of August 31 owned only 1,540,428 bushels of wheat.

1940 Corn Loan Indicated

Although no corn loan for 1940 has been announced, the price outlook as well as the production outlook indicates that a loan will be mandatory under the provisions of the Agricultural Adjustment Act of 1938. The Commodity Credit Corporation now holds some 80 million bushels of corn which have been delivered to it on settlement of notes in the 1938 and 1939 loan programs, and 382,193,000 bushels are being carried under seal by farmers. Farmers recently have been redeeming corn in accordance with the resealing program announced in July at the rate of approximately 1 million bushels a day. As of September 16, 60 million bushels had been redeemed by producers.

Cotton Loan Program Announced

On August 9 the Commodity Credit Corporation announced its 1940 cotton loan program based on an average rate for the Cotton Belt of 9.55 cents per pound net weight for middling 15/16" cotton, with grade, staple, and location differentials. This averages approximately one dollar per bale over the loan values of last year. Less than 10,000 bales of the 1940 crop had been reported to the Corporation for the loan by mid-September, but estimates place the amount of cotton likely to enter the loan this year as high as 30 to 40 percent of the crop.

The Commodity Credit Corporation has under loan from the 1938 and 1939 crops on extended notes 2,049,531 bales, and owns a total of 6,530,312 bales of cotton that were acquired from loans previous to 1938.

Various General Loan Programs in Operation

Through cooperation with associations of producers or other groups, Commodity Credit Corporation has made direct or diversion loans on butter, peanuts, figs, raisins, hops, wool, barley, pecans, grain sorghums, prunes, and rye. The Corporation has recently announced an Austrian winter pea, hairy vetch, and rye grass seed-purchase program designed both to improve the price structure for producers who grow these seeds for sale and to provide such seed to other farmers who wish to use the seed in various soil-conservation programs.
